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NSC BRIEFING **CONFIDENTIAL** 31 March 1955

SITUATION IN SOUTH VIETNAM

I. Latest reports indicate no new outbreak of fighting, but situation remains explosive. *Anti-French feeling mounting*

A. Diem wants to move against Binh Xuyen, break their hold of national police, drive their forces out of Saigon.

B. General Ely counseling Diem to go easy, fearful of Binh Xuyen reaction. - *Ammunition being rationed by French*
Diem's position strengthened by support of General Phuong, commander of 8,000 Cao Dai troops; latter has apparently broken with Cao Dai "pope" who remains bitterly anti-Diem.

II. Situation compounded by political crisis.

A. Defense Minister resigned just before armed outbreak and Diem

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took over defense portfolio.

- B. Late report states Foreign Minister and two others have also resigned.

NOTES:

Sect strength

1. Binh Xuyen: 3500, in Saigon and suburbs
Hua Hao
Hoa Hao: 19,600, located south and southwest of Saigon

Cao Dai: 16,000, located mostly north and northwest of Saigon.
(Majority of these forces reportedly have rallied to government).
2. Reported casualties in 30 March fighting:
26 killed, 112 wounded.

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